

CONNECTICUT INDUSTRY

DECEMBER NUMBER



1928

PUBLISHED BY
THE MANUFACTURERS ASSOCIATION
OF CONNECTICUT, INC.

HADFIELD, ROTHWELL, SOULE & COATES

CERTIFIED PUBLIC ACCOUNTANTS

**HARTFORD-CONNECTICUT TRUST BUILDING
HARTFORD, CONNECTICUT**

**FIRST NATIONAL BANK BUILDING
BRIDGEPORT, CONNECTICUT**



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Batteries; belting; beverages; blank-books; boilers and tanks; boots, shoes and findings; boxes; brass, bronze and non-ferrous alloy, copper and tin products; brushes; buttons.

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MODERN MACHINERY

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Screw machine products; sheet metal novelties; ships and boats; signs and advertising novelties; silk; silverware; soap and cleaning and polishing preparations; specialties; sporting goods; springs; stamped and enameled ware; steam fittings; stereotyping and electrotyping; stoves; structural and ornamental iron and steel; surgical appliances.

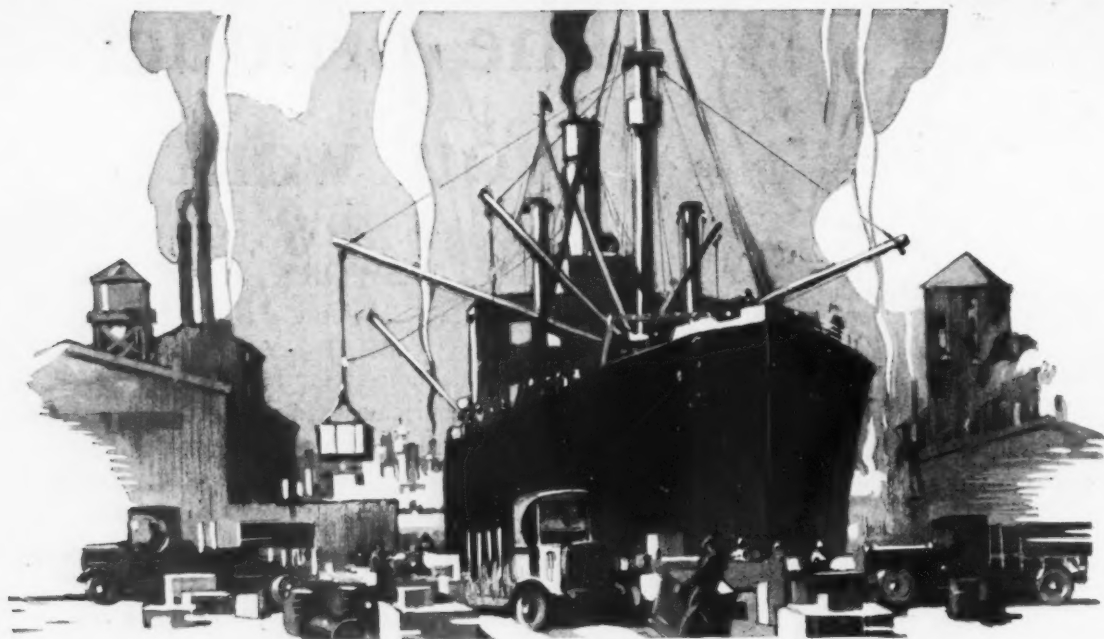
Textile machinery and parts; tobacco, cigars and cigarettes; tools; toys, games and playground equipment; trunks, suitcases and bags; typewriters and supplies.

Women's wear; wire; wirework; woolens; worsteds; woven labels.

Connecticut is in the heart of America's oldest and most progressive industrial center. It has been supplying the world for many years with finished products of the finest quality, some of which are listed above. You can have full particulars, catalogues and prices on any of the articles shown by addressing

The Manufacturers' Association of Connecticut, Inc.
Hartford, Connecticut, U. S. A.

This advertisement will appear in January in the 51st Annual Review Number of THE AMERICAN EXPORTER, printed in 3 languages, with a circulation of 45,000.



Pianos for San Francisco— Canned fruit for New England

Deep in the hold of the freighter "Virginian" lies a shipment of fine Ampico pianos. Uprights. Grands. Rosewood, mahogany, ebony. One of them alone is valued at \$15,000. Down the Eastern shipping lanes . . . on through the Canal the "Virginian" moves swiftly up the California Coast to the Golden Gate; she docks on schedule. The consignees report "Every instrument in perfect condition."

The "Californian" nears the rugged New England Coast with a cargo of canned and dried fruit products. An eager market awaits this cargo. The "Californian" makes port at the scheduled time. It is this certain dependable service that American-Hawaiian accords every shipment—large or small. It is such dependability that has become traditional with the American-Hawaiian Steamship Company.

The American-Hawaiian fleet operates between Pacific and Atlantic ports, having transshipment connections with lines to all ports in Europe, Australasia and the Far East. It will pay every manufacturer to investigate the facilities of this great line. One of our representatives in your city will be glad to advise you on your traffic problems.

AMERICAN-HAWAIIAN STEAMSHIP COMPANY

"Coast-to-Coast Since 1855"

CONNECTICUT INDUSTRY

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A GREETING

The smoke of political battle has disappeared. Industry of the State, for the most part is prosperous. Connecticut's transportation agencies are in a better condition than they have been for years past and the holiday spirit reigns. "Peace on earth, good will towards men" is more than a phrase it is a precept and at this season of the year lies within the minds of men.

Connecticut has a right to be thankful for the good fortune which has come to it through the past year. Comparative industrial peace has reigned. Industry is looking forward to the New Year with hope and although it is not our nature to accept blindly "All's well with the World" we need have little fear that the year 1929 will be quite as prosperous as the year 1928.

In behalf of the Officers and the Board of Directors of the Association, I extend to you our very best wishes for the coming year.

Edmund S. Howard

An Unusual Response

THE officers and board of directors of the Association were in attendance at one of the regular monthly meetings of the board during the latter part of October. President Hubbard called for opinions as to the program for the annual meeting. Member after member presented his idea and it was the consensus of opinion that men of affairs were gradually beginning to revolt against oratorical sputterings, meaningless resolutions, and above all against the many demands upon them for attendance at banquets.

Accordingly it was decided to make the keynote of the 1928 meeting of the Association one of simplicity, and that idea was carried out completely. Through the courtesy of Cheney Brothers, the members of the Association were privileged to meet at their plant in South Manchester on November 7.

Record Attendance

That the opinion of the officers and members of the board of directors was vindicated was evidenced by the fact that the attendance at the 1928 annual meeting was larger than it has ever been in the history of the Association. The only oratorical efforts were expressed by Sir Drummond Cameron who led his listeners from the exuberance of laughter to a conclusion which brought tears to the eyes of many a hard-hearted manufacturer. Sir Drummond was impressive, and those who heard him will not soon forget his beautiful Scotch burr and his pleasing personality — a dignified gentleman with full grey beard, immaculately dressed and who, even though inexperienced at public speaking, was one of the enjoyable features of the meeting.

Cheney Silks Shown

Over three hundred Connecticut manufac-

turers took advantage of the opportunity to make an inspection trip through the plant at the opening session of the meeting. Members were divided into groups and each group was escorted by a guide competent to explain all details of manufacture and design. The trip started at the spinning mills where the raw cocoons are opened and ended with the finishing department where the visitors were privileged

to see the wide variety of beautiful textiles manufactured by this internationally known concern.

The last session of the afternoon was given over to a remarkable silk and costume exhibit presided over by Miss Helen Cheney.



The Cheney Mills

Beside the gorgeous drapings of silk and velvet which furnished the setting on the stage at Cheney Hall where all sessions of the meeting were held, living models were used to exhibit the latest creations for sport, afternoon and formal wear. But the members of the Association did not leave merely with *impressions* of the beauty of silk for each in attendance was given a silk cravat.

At the opening of the luncheon session the assemblage was honored by His Excellency, Governor John H. Trumbull, who spoke briefly of the position of the Association in State affairs. He was congratulated by President Hubbard on his re-election to the Governorship. Preceding Governor Trumbull's remarks, greetings were extended in behalf of Cheney Brothers by President Charles Cheney, and in behalf of the Association by President Hubbard.

The Group Sessions

The group conference most widely attended was that presided over by Mr. James W. Hook, chairman of the Industrial Relations Commit-

tee. Mr. Gilbert H. Montague was the speaker on the subject, "Lawful Combinations in Industry—A 1928 View of the Anti-trust Laws."

This address was of particular interest because of the fact that the next session of Congress will undoubtedly be called upon to make some revision of the Sherman Law, and due to the further fact that a number of Connecticut concerns have been and are experiencing difficulty in connection with this law. The full text of Mr. Montague's address is printed elsewhere in this issue of *Connecticut Industry*.

Another group conference of unusual interest which was largely attended was the Cost Accounting Conference. Mr. John T. Chidsey, President of Veeder-Root Incorporated, an executive of broad experience in the problems of cost accounting, presided. The principal speaker was Mr. John V. Montague, Assistant Comptroller of the Scoville Manufacturing Company. Other speakers included Frederick A. Sharp and James N. Carney, both of whom have been largely responsible with President Hubbard for the development of the co-operative plan which is now in operation as between the Hartford Chapter of the National Association of Cost Accountants and the Association. Mr. Montague's talk appears in another section of this issue.

The Transportation Conference was presided over by Mr. W. F. Price of the J. B. Williams Company, who is recognized as one of the country's foremost experts on transportation management. The principal speaker was E. Lane Cricher of the United States Department of Commerce, who has supervision of the traffic management survey which is participated in by this Association. Anyone who did not have the opportunity of hearing Mr.

Cricher should read the transcript of his address which appears in this issue.

Another feature of the Transportation Conference was the showing of a three-reel motion picture through which was presented the itinerary of the Caribbean Cruise arranged by the United Fruit Company.

President's Report

As usual President Hubbard did not content

himself with commonplaces. He presented a very interesting word picture of the rise of Cheney Brothers since the early 1800's. The history of this great concern is, as President Hub-

bard said, indicative of the spirit which has builded Connecticut industry. Mr. Hubbard's address appears in this issue.

At the conclusion of his remarks, the President presented to the membership a bound volume of the "Manufacturers' Association of Connecticut, Incorporated, Record 1928," which included reports on all activities. Thereafter he called upon Vice-President John H. Goss, who recounted in some detail results of the establishment of the co-operative transportation plan and the operation of the newly established transportation department of the Association. This address also appears in this issue.

Business Session

The business session of the meeting was conducted with the utmost despatch. The Resolutions Committee, composed of Messrs. George S. Barnum of the Bigelow Company, Samuel M. Stone of the Colt's Patent Fire Arms Manufacturing Company, and DeWitt Page of the New Departure Manufacturing Company, presented a resolution of thanks to Cheney Brothers. Treasurer Robert C. Buell

(Continued on page 10)



F. H. LEE



E. G. BUCKLAND



R. L. KEENEY



E. S. DAVIS

Lawful Combinations in Industry

A 1928 View of the Anti-Trust Laws

By GILBERT H. MONTAGUE

FOR ideas and brains, this nation has had to call on Connecticut more than on any other state in the Union.

In ideas, so far as industrial matters are concerned, your historic Manufacturers' Association has made a contribution to trade association progress and to trade association cooperation exceeding that of any other state association in the Union.

For brains, the nation has had to call upon the industrial leaders of this state to an extent which places them in the front rank of the industrial leaders of the nation.

I can't stand in this place without expressing the feeling we in New York have as to what has been done in the Manufacturers' Association of Connecticut, in the League for Industrial Rights, in the National Industrial Conference Board, in the National Association of Manufacturers, and in many other business organizations, by one of your men — Mr. Charles Cheney.

Business men of this country owe Mr. Cheney a debt exceeding anything that they can possibly repay.

Speaking as a Yankee, coming back once more before a Yankee audience, after having lived out of New England for many years, I can say that on the all too infrequent occasions when I have the opportunity to hear Mr. Charles Cheney, and to listen to his salty philosophy, his wit, and his sound Yankee sense,

it gives to me — a Yankee whose ancestors for three hundred years lived, and died, and now lie buried in this valley — a little greater pride that I also am a Yankee.

The day after election is always a good time to take a survey of the government, and I am going to discuss with you some things which seem to me to be in prospect with respect to the anti-trust laws and the government's relations toward business.

I think that from now until March 4, 1933, there is going to be a program, so far as the government's relations toward business are concerned, that will be more constructive for American business than any previous four years, or any previous thirty years, in the history of this republic.

Go back nearly eight years, and see the distance we have travelled.

In 1920, the Department of Justice, on the authority of a Supreme Court decision relating to a trade association, considered that it was virtually impossible for any group of business

men to exchange information regarding competition, prices, demand, stocks on hand, and production, without violating the anti-trust laws.

In 1922, the present President-Elect took up the cudgels, and in an exchange of letters with the then Attorney General, called upon the Department of Justice to explain how far business men could and could not go. In that effort, he was supported by organizations like



World-Wide Photos

GILBERT H. MONTAGUE

your own, and by the Chamber of Commerce of the United States. He kept up the agitation that business men of this country should be allowed, through cooperative measures of their own, to bring to bear on their businesses their combined intelligence, information and knowledge.

The result was that in 1925, in two decisions which will always be landmarks in this subject, the Supreme Court made a right-about-face, and held that it was not a crime to promote the intelligent conduct of business through trade associations, and that unless there was positive evidence of something approaching an agreement in respect to prices, the courts would assume that business men in the dissemination of information were simply using their God-given right to employ intelligence in their business.

In another landmark decision, about eight years ago, the Supreme Court in discussing the United States Steel Corporation, which has been under attack for nine years, ruled that even though the combination composed 50% of the industry, such predominance was legitimate and constituted no violation of the law, because the record showed that the company had been fair.

Starting with that trend, we come down to what is even more of a landmark — that is, the decision rendered by the Supreme Court about a year ago regarding the International Harvester Company, which embraced approximately 60% of its own industry. The Court there said that because that company showed fairness to its competitors, and evinced no intention to interfere with fair competition, that, too, was no violation of the anti-trust laws.

And so we stand, the day after election in this year of grace 1928, with prospects which I regard as highly auspicious for American business — the best indeed that have been seen in our time.

There is every expectation that the progress made during the past eight years will be strengthened, furthered, and consolidated by the courts in their interpretations of the law, and by the Administration in Washington in its application of the law.

Some future historian of the Supreme Court will be obliged to give full credit to the sterling work done in the five years from 1922 to 1928 by the then Secretary of Commerce, without

which the progress that has been made to date would hardly have been possible.

I am stressing this now, because if there is anything which can be relied on, in prophesying what is to be the attitude of a man when in office, it is what he has done in preceding years, and the man who led this fight for the business men of America is this morning the President-Elect of the United States.

Do you realize that, for the past three years, it has been possible for any group of men, in respect to any combination, or any trade association, on which they desire to know the attitude of the government, to go down to the Department of Justice, lay their cards on the table, and be apprised by the Department as to whether or not the activity they contemplate is in violation of the anti-trust laws?

That has been the situation, and once more, it has been the then Secretary of Commerce, more than anyone else, who has brought about this changed attitude on the part of those charged with the responsibility of administering the anti-trust laws.

We have waited a long time for this, but let us now wake up, and realize that the dawn has come, and stop talking about the anti-trust

laws in the terms of Rip Van Winkle.

Now that the procession has started, let us see what has been done, how far we have gone, and what may be the anticipated progress, particularly since we have now elected to the office of chief executive of this republic a man committed to the liberal interpretation of the laws, in accord with whom stand the Supreme Court, the Department of Justice, and the officials charged with administering the anti-trust laws.

This is a happy omen, and we today have the assurance that it will continue, so far as anything in human probability can be prophesied.

No wonder business feels exhilarated. Any one who has familiarized himself with what is going on cannot fail to be exhilarated.

I had occasion to appear, eight or nine months ago, before the Advisory Committee of the Federal Oil Board, and there to demonstrate that, without any change whatsoever in the federal anti-trust laws, cooperation among various oil producers can legally be permitted to exactly the same degree as if they should all form one company.



JAMES W. HOOK

Several times the question has been put to me why, if it be legally possible to form a merger comprising a substantial fraction of an industry, is it not legally possible for the same units to cooperate without forming a merger?

There is nothing in the federal anti-trust decisions, in my opinion, that requires the courts to differentiate between these two cases.

I have read two interesting articles within the past six months, each of which urged an immediate overhauling or general repeal of the anti-trust laws. The authors of these articles were in the pathetic situation of the ship that was flying a flag of distress off the coast of South America. To the vessel that responded to the call for help, the ship signalled that the crew were famished for lack of water, and hadn't anything to drink. The rescue vessel signalled back, "Just drop a bucket in, and you'll find fresh water. You're in the mouth of the Amazon River."

There are at the present time honest, well-meaning business men calling for the repeal of the anti-trust laws, because they erroneously believe these laws forbid them to do things which any well informed lawyer would tell them can now be done without violating these laws.

I have checked over with many associations the things that they wanted to do, and very often have been able to show them that, with the recent trend of court decisions, many of the things which they were lamenting that they could not do, and for which they were blaming the anti-trust laws, can now be done.

We have every assurance, in view of the past record of the President-Elect, that the ensuing four years will bring a continuation and consolidation of the recent advances in this subject.

Before the Manufacturers' Association of the state which gave to America the League for Industrial Rights, and Daniel Davenport and Walter Gordon Merritt, it is unnecessary to sound a warning against joining in the cry raised by organized labor for the repeal of the anti-trust laws.

When I see various organizations of business men joining with organized labor in this clamor, I wonder if the work of Daniel Davenport, the work of Walter Gordon Merritt, and the work of the League for Industrial Rights, is going to be thrown out the window, while these organizations of business men chase the "will-o-the-wisp" that is now being dangled before the public by the representatives of organized labor?

How long the anti-trust laws can be kept out of politics I don't know.

Providentially, they have been out of politics since 1916, with the result that courts and administrative bodies have been able to place upon them an increasingly reasonable, economic, and rational interpretation. This interpretation has been generally accepted by the great preponderance of opinion, except among organized labor, but because some business leaders are misinformed, you will occasionally find them willing to join with organized labor in the cry for a general overturn.

A magazine in New York recently asked me for an article on why the anti-trust laws should not be amended. I replied that it wasn't for me to argue whether or not they should be amended, but that it was for the business men of America to consider whether business can afford a general overturn of the anti-trust laws, when the certainty is that in the general debacle business will suffer an increase in bureaucratic government and an increase in paternalism, and organized labor hopes to win some special immunity.

Everybody knows what happened the last time business agitated for a relaxation of the anti-trust laws. The subject was thrown into political discussion from 1906 to 1914, with the result that in 1914 Congress hung upon business as many straitjackets as it could think of, and it has taken nearly fifteen years of judicial interpretation to bring any order out of the chaos.

It rests with the business men of America as to whether or not they wish the anti-trust laws brought back into politics. In so far as

Lack of time prevented the members seeing an interesting exhibit which had been discussed when plans for the meetings were being formulated. It was hoped to show the members over the South Manchester railroad which is the only railroad in the country having one locomotive for every mile of track. The assistant to the president of the railroad was a guest at the annual meeting. He happens also to be the superintendent, passenger ticket agent, freight claim agent and freight agent.

they do wish it, they are going to be. If they are brought back into politics, all sorts of legislative nostrums will be thrown on the table, and become the subject of political discussion. No one familiar with the facts has any question that organized labor hopes in that event to bring about some change in its own relation to the anti-trust laws.

An unannounced part of the annual meeting program was the inspection of the filtration plant. Many textile manufacturers who are confronted with problems in the disposal of their waste took advantage of Cheney Brothers' invitation to inspect their method of disposing of plant wastes.

I was asked by your secretary to refer to the foreign aspect of the anti-trust laws. Here, too, in an informal way I should like to discuss what look to me to be possibilities.

We have some measure of the future course of the President-Elect from the course he has followed since 1921. Within the past two or three years, partly because of his activities while Secretary of Commerce, and partly because of the activities of the present Department of Justice, Washington officials have been calling to the attention of American business men the opportunities which are given them under the Export Trade Act, not only for the disposal of surplus products, but also for maintaining their place abroad against foreign cartels. What can be done under the law on that subject is a matter on which government officials have been making speeches from time to time, in order to wake up business men as to what can be done in the case of increased competition abroad.

It is a tragedy that there should be so much ignorance among the rank and file of business men as to the development that has been going on in the anti-trust laws. Now that it is certain that the advance which has been made will be continued during the next four years, it would indeed be the greatest tragedy of American business if, with all these signs of progress now visible, it should ignore the clear trend of the recent decisions, and take a Rip Van Winkle view of those laws, and lend its unthinking support to a movement to throw these laws back into the turmoil of political discussion.

It is not for me to tell you whether or not

these laws should be changed. That is for you to decide. But when you consider what there is at stake, if you throw all this into the political crucible, and when you consider all the progress that has been made in the last eight years, and all the possibilities for progress in the coming Administration — when you consider all that, the question you should ask yourselves is, "Can business afford a general overhauling of the anti-trust laws?"

There are some laws here and there, as for example the White Act regulating radio and telegraph companies, in which changes might be a desirable thing. I see nothing but good in changing situations of that kind. What I am questioning is the wisdom of any general overhauling of the anti-trust laws, with all the political discussion and business uncertainty which that would inevitably involve, and with the certainty of increased autocratic and bureaucratic government in Washington which that would entail, at the very moment when the trend of the court decisions and increased enlightenment and great rationalization on the part of the administrators of the anti-trust laws has already brought about the dawning of a new day.

AN UNUSUAL RESPONSE

(Continued from page 6)

offered his report in detail, in three sections: a statement of the Loewe fund, the Consolidated Southwestern Case fund, and the general fund of the Association. Mr. John H. Buck, Counsel for the Association presented the proposed changes in the By-Laws, which were unanimously adopted. Members have been advised of these changes through a special bulletin. Colonel Ullman, Chairman of the Nominating Committee, offered the following nominations: For President, E. Kent Hubbard; for Vice-President, John H. Goss; for Secretary and Treasurer, Robert C. Buell; for Directors, R. Leland Keeney representing Tolland County; E. S. Davis, representing Middlesex County; E. J. Buckland and Frank H. Lee, directors-at-large. The report was accepted and the above duly elected.

And thus the 1928 annual meeting of the Manufacturers' Association of Connecticut passed into history at 5:15 o'clock. The record attendance and the many favorable comments attest to the fact that the officers and board of directors of the Association were correct in their assumption that oratorical sputterings, meaningless resolutions, and night banquets have been relegated to Limbo.



Courtesy Fairchild Aerial Surveys, Inc. and L. & H. Aircraft Corp.

AERIAL VIEW OF THE TRUMBULL ELECTRIC MANUFACTURING CO., PLAINVILLE

The Trumbull Electric Manufacturing Co. was organized in 1899 with a paid-in capital of \$2,000 in a building of 2,600 sq. ft. Today the space is 155,000 sq. ft., the capital and surplus is \$1,820,000, and the number of employees, 150. Branch factories are maintained in New Jersey and Kentucky with offices in all important cities. Electric wiring supplies of all kinds are the products.

Industrial News Around the State

Bethel Industry Now Part of Lee Company

It has been announced that the hat manufacturing plant formerly owned and operated by the Garrison R. Hoyt Company in Bethel has been leased by the Frank H. Lee Company of Danbury for the manufacture of men's and ladies' hats.

Royal Hardware

The Russell and Erwin branch of the American Hardware Company of New Britain has

the honor of having supplied the hardware for the imperial home of Hirohito, Emperor of Japan.

Pratt & Whitney Gear Machine

A new automatic machine for the manufacture of gears has been perfected by the Pratt & Whitney Manufacturing Company of Hartford. It is already being used by one of the large automobile manufacturers and is said to produce high-quality gears comparable with

those made by the most exacting methods of shaping by grinding, at a far less cost.

Graf Zeppelin Carried Royal Typewriters

On its return trip the Graf Zeppelin transported a case of Royal Typewriters made in Hartford. This was the first trans-Atlantic shipment of typewriters by dirigible.

More Expansion for Chase Companies

For the expediting of shipments of brass and copper to their mid-western customers, the Chase Brass and Copper Company has made plans for the erection of a branch plant in Cleveland, Ohio.

Wasp Engines Part of Navy

The Navy Department has under contemplation the purchase of 120 more Wasp Engines from the Pratt & Whitney Aircraft Corporation, with an option of purchasing 336 additional. This would constitute one of the largest airplane engine contracts ever entered into by the Navy.

New Line for Cheney Brothers

Of particular interest to the members of the Association who witnessed the silk exhibit at the annual meeting, is the announcement that a new department is being opened to supply silk piece goods to the manufacturers of men's wear for pajamas, dressing gowns, shirts, shorts and linings.

Steel Corporation Formed

The old plant of the Connecticut Electric Steel Company of Hartford, recently owned by the Hartford Electric Light Company and operated by John D. Scott under a lease, has been bought by him for the Scott-Witter Steel Corporation. They will continue to manufacture high grade castings of carbon and alloy steels as well as producing a tire mould as a new specialty.

Hartford a Mark to Aviators

Recently Hartford was added to the other eight places in the state which are marked for aviators, when a sign with letters 28 feet high and strokes 5 feet wide was painted on the roof of the Fenn Manufacturing Company.

Yale and Towne Awarded Contract

The contract for the hardware of the new Stamford Hotel was awarded to Yale and Towne of that city. The fittings used throughout will be of Colonial design.

Pay-by-Check

Another firm, the Russell Manufacturing Company of Middletown has been added to the fast increasing number of Connecticut firms employing the system of checks for paying their employees.

Pond Extract Company Expands

The Pond Extract Company of Clinton has acquired the plant of the Seymour Paper Company at Seymour for the manufacture of facial tissues, for use with Pond's facial creams. The product has been sold by The Pond Company for the last year but it has been manufactured by another concern for them.

Middletown's New Factory

With the opening of the plant of the Peerless Plush Manufacturing Company this month, there will be an increased activity in Middletown's industrial life.

Ferryboats for New York made in Connecticut

The New London Ship & Engine Company of Groton has been awarded a contract for the construction of two double-end ferry boats for the State of New York. They will be equipped with Diesel electric engines of the Nelsec type.

Bigelow-Hartford Show Spring Goods

The story of the new lines of floor-coverings made by the Bigelow-Hartford Carpet Company of Thompsonville is as interesting as a novel. We can merely mention it here. The principle involved is the merchandising principle *ensemble selling*. For the last year the Company has been emphasizing the importance of designing and creating floor coverings for harmonious use with furniture, draperies, and upholstering fabrics. The 1929 spring goods are the result of this intensive study, with a view to conforming to the trend in the style of furniture in the months to come. Briefly, emphasis has been centered upon the production of two general types of pattern — the one comprising conservative modern art effects and the other a group of designs centered around the use of naturalistic flowers. These two styles harmonize with what is being done in wall-papers, furniture coverings, damasks and drapes.

Lindbergh Picks the Wasp Engine

Next spring when the combination air and rail passenger service is inaugurated by the Pennsylvania R. R., the Ford duralumin planes to be used in that service will be equipped with

Pratt & Whitney 400 H. P. Wasp engines. Colonel Lindbergh has selected these planes and motors as standard equipment for the Transcontinental Air Transport service also.

Plantsville Plant to Reopen

The H. D. Smith Company, one of the first concerns in the United States to manufacture drop-forgings and later small tools, is reported to be reopened.

Willimantic's Silk Mill

Willimantic Silk, Inc., has produced its first yardage of silk. Additional looms are being installed and it is expected to employ a night shift in the near future.

Torrington at the South Pole

The following letter received by the Turner and Seymour Manufacturing Company of Torrington adds still more local interest to the Antarctic Expedition:

Byrd Antarctic Expedition

New York
Executive Offices
Richard G. Brophy
Business Manager

Address Reply
Suite 340
Biltmore Hotel
New York

July 25, 1928

Mr. Francis H. Griffiths
Turner & Seymour Mfg. Company
Torrington, Connecticut

Dear Sir:

After exhaustive tests I have approved the Blue Streak Can Opening Machines as the ones best fitted for the opening of all cans to be used on our Antarctic Expedition. We are therefore sending you requisition for one Platform Hotel Machine, one Restaurant size, one Master and thirty of the household size. These will be the only can openers used on our Expedition.

I shall be very glad to give you a testimonial for your use should you desire same.

Yours very sincerely,

(signed) Sidney Greason
Steward

Byrd Antarctic Expedition

SG:G

New Portland Industry

The Newark Concrete Pipe Company, manufacturers of drain pipe largely used by road builders for culverts, has taken over part of the old quarry in Portland where a dozen employes are already at work.

Some Announcements

The new Foreign Trade Bureau at the Association headquarters announces that arrangements have been completed to furnish members with prompt and accurate translation service from and into every major language. Ordinary correspondence will be handled free of charge. Letters of unusual length, advertising literature, technical, legal and scientific matter will be handled at a reasonable rate.

The January issue of *Connecticut Industry* will be improved by the addition of a new department, Foreign Trade. This service will supply members with the latest trade news furnished by the Bureau of Foreign and Domestic Commerce at Washington to the Co-operative Office recently established in the office of the Manufacturers Association of Connecticut.

Look in a man's eyes for honesty; around his mouth for weakness; at his chin for strength; at his hands for temperament; at his nails for cleanliness. — George Horace Lorimer in "Old Gordon Graham."

BUILD BEAUTIFULLY, O AMERICA

*Build beautifully, O America,
With marble that shall chart
The highways of the winds,
With towers that shall know
The majesty of dawns,
The twilight's benediction;
But remember to build thy soul
Beyond the marble,
Beyond the tower,
Into truth.
For dust shall the marble be;
The vision alone outlasts
The stone and steel!*

ARTHUR WALLACE PEACH

Industry and the Railroad in Cooperation

By VICE-PRESIDENT JOHN H. GOSS

Delivered at the Annual Meeting of the Association

IT is not my purpose to go into a recital of the accomplishments of what Mr. Hubbard has dubbed the "cooperative plan" in transportation matters. You will find all of them in the report of the Traffic Committee, copies of which were made available to you. But I am going to try to describe what this cooperative plan is — what it is based on.

It resulted from what we feel is nothing but a common sense conclusion and we are trying to conduct it on a common sense basis.

After we came out of the war the railroads were in a deplorable condition. I think you are familiar with the state the New Haven Road found itself in — its back to the wall — struggling against what seemed to be a hopeless situation with respect to its finances, and the condition of its facilities of transportation, and there was a general recognition of their condition and a general sympathy. Those who had grievances were not pressing them — that helped some.

When Mr. Hubbard was taken ill two or three years ago there was a case which was being pressed before the Interstate Commerce Commission, called Docket No. 15006. Certain principles were involved which were of interest to the Manufacturers Association and we entered as joint complainants. It just happened that I, being Vice-President and doing what I could to keep Mr. Hubbard's job going until he recovered, became familiar with this case by necessity.

I became convinced immediately that there was a very bad atmosphere surrounding the relations and feelings as between our transportation medium, the New Haven Road, and the

shipper pretty generally, and the traffic and transportation men representing those shippers, many of them on our Traffic Committee — practical, hard-headed, able men on their jobs. It seemed to me that there was more in that case, if handled right, than just winning it, and so as some of you perhaps who attended the annual meeting three years ago may remember, I put up a proposition and it was approved and we have been carrying it out. It has become known as the "cooperative plan."

Back of that proposition was a recognition of the fact that there is a mutuality as between ourselves and the railroad on the question of transportation service and that the

bad spirit that existed at the time, while perhaps perfectly natural, was nevertheless undesirable. Too often the idea among those of us who had a grievance was that there was not much use of talking with the New Haven Road, the only thing to do was to fight and hit them "under the belt" if you could and when you could. That did not strike me favorably. If there was a mutuality of interest that was not the right spirit. So we started out with some conversations between the officers of the New Haven Road and the officers of the Association, principally Mr. Hubbard and myself, and tried to work out a program which they would



JOHN H. GOSS

agree to put on trial; and after several months' discussion, came to a fairly general agreement as to principles and methods.

We submitted the idea that if we could devise some plan whereby we could approach the proper officer or officers of the New Haven Road and sit down across the table and, without prejudice to our rights, have a meeting of minds on the facts, each having an opportunity to present his side of any case, that it was perfectly reasonable and logical that usually we could reach an agreement. If we could not reach an agreement we could separate as gentlemen and prosecute the case through the available formal channels on its merits, all parties who should be heard having a chance to be heard. It was not and is not our purpose to win any case, formally brought, by strategy or tactical advantage. A case so won may not stay won; it is likely to be reopened and double expense and difficulty arise. We, therefore, must be sure that all our cases are well prepared, well presented, and we will then win on merit or else lose because we have not a good case.

Now all this calls for a good organization. We recognized that the job of the formal channel through which we would have to proceed, the Interstate Commerce Commission, was a very intricate and difficult one. We realized there was a great dearth of legal counsel trained to prosecute cases before them. But we must be at least as well prepared as the opposition.

We needed a well trained legal counsel. Fortunately we were able to get one. We found in Mr. John J. Hickey, who was formerly the head of the Investigation Bureau of the Interstate Commerce Commission, a man well

Hickey on reasonable terms. He is still with us and we have been very successful in our efforts under his counsel and advice.

It was necessary also to have as a background a group of men — practical traffic and transportation men — as a committee, who could watch the situation and bring to attention of our legal counsel and officers of the Association any situation that might develop which they thought needed attention and who could ably argue and discuss cases among themselves before passing them out in resolution form with their recommendations to the officers of the Association for their consideration. It was necessary for another reason to have that group. In the procedure that has developed under the Interstate Commerce Act, it is necessary for us to watch constantly what the other fellow is doing. There are always competitive groups in other parts of the country who see an opportunity to start something, therefore it is necessary to be eternally vigilant so that if something is started that would jeopardize our competitive position, we may promptly enter a protest and present our side of the case and prevent a threat becoming an actuality. Such a committee, naturally alert, sounds the alarm.

Besides having the legal counsel and committee in the organized plan, we must also have a department at the headquarter's office in Hartford to handle the detail and help watch the situation as well as to advise members of the Association on traffic and transportation matters.

In addition to that, the officers of the Association must be so much in contact with the progress of the plan, that they may control it and see that the program is carried on in the spirit of the plan.

If you have an organization of that kind and you have a plan based on common sense and it has been agreed upon among the parties involved, you can command the respect of the other side. You can retain that respect, however, only just as long as you properly conduct the program under the plan. At no time must that program or that organization be permitted to develop into an instrument of abuse, and here is the particular function that the officers of the Association serve; to see that the plan agreed upon is followed and that the organization set up operating under that plan function and play absolutely according to the rules.

In view of the fact that our interests are largely mutual with the railroad, we feel at

Even the programs for the annual meeting were in keeping with the general setting for the day. The lustrous fabric which was photographed to provide a setting for the program numbers was a Cheney silk print.

trained in the practices before the Commission and with a profound knowledge of the law, and who had the old-fashioned idea that fitted in with our plan, of being very willing to settle a case out of court if reasonable settlement could be made. We were able to engage Mr.

liberty to make what we consider constructive suggestions. One of the things we are trying to insist on and I believe we are getting results, is that the railroad must investigate all its facilities available in the business of transportation to make sure that it is using to the fullest and most efficient extent every one of them that may lead to reduced costs and economic results transportation-wise. We have succeeded in interesting the officials of the New Haven Road in at least one such problem. They have placed it for investigation and report in the hands of one of their vice presidents, an engineer. There will doubtless be others. The times are changing and conditions also. Certain traffic tonnages that have been available in the past as important revenue producers to the New Haven Road, are fading away, and we are trying to stimulate the New Haven Road to foresee the trend of these things through more intensive research, and put themselves in a position where they can through substitution or change in their methods at least retain to themselves a part of that tonnage or the collateral tonnage that takes its place.

The "cooperative plan" is no longer an experiment—it is actually working, and while based on common sense, as it always seemed to the officers of the Association, it has nevertheless been a hard idea to sell even to our own members and to our own traffic committee, but I am glad to say that practically everyone today is sold to the idea. They see it is a far better working basis than the old idea; when you had a complaint to immediately fight. It is resulting in a better understanding as between the railroad and the Association and between the railroad and the individual members. We do not go out in this plan and dig up complaints, but if a complaint comes from a member and is brought to our attention, we analyze it carefully and our first duty is to see that the complainant,—the manufacturer or shipper,—is introduced to the proper officer of the New Haven Road, so he can sit down and discuss the problem across the table and have a meeting of minds. If he reports back that he made no progress, we again analyze it. We continue our interest in the case if it jeopardizes the principles we are trying to protect.

Reparations in its various phases is one of the most difficult problems that the railroads have to deal with. When the Act was first passed, the Interstate Commerce Commission frowned upon reparations claims made on the railroads, but as time went on cases were

brought to the Supreme Court, and the Supreme Court decisions upset the policy of the Commission with respect to reparations claims. One type of reparations particularly is obnoxious to the railroads, namely, that which arises through the granting of a voluntary reduction in rate. By reason of these Supreme Court decisions, the Interstate Commerce Commission is constrained to consider a voluntary reduction in rate made by the railroad as an admission that the rate previously was too high. Some of the shippers are granted these voluntary reductions, and some of the intermediate shippers, learning of them, bring claims for reparations and win them. To such an extent has this practice been followed by certain shippers that the railroads now, as a matter of policy, are resisting the granting of voluntary rate reductions, and if the shippers continue to bring such reparations claims, it is only a question of time before the railroads will refuse to grant any voluntary reductions of rate. This would be a serious matter. It seems, therefore, extremely bad policy for the shipper to press a reparations claim based on a voluntary reduction in rate. I point out to you, therefore, that this illustrates the fact that, as a matter of policy, we, as shippers, should think twice before we take action of formal nature against the railroads.

All these cases revolve around three main points: equity, the law, and policy. Oftentimes in a case that would seem to involve only equity, as you proceed you will find the law also involved, and very often policy is very much involved. Oftentimes the railroad would like to grant—maybe pay in the case of a mistake—some consideration where the law stops them. The average shipper does not understand this. We are learning by experience and are trying to work out the plan as one of education of ourselves and our members, and I think we are making decided progress in the right direction. We believe the railroad also is learning.

I want to thank you on behalf of the Traffic Committee and the officers, because you saw that this was an experiment worth trying last year when we asked you for that extra 7 cents an employee to finance it, and I think we shall be able to show you as time goes on that it will be money well spent.

When we enjoy our work we are twice blessed; we have a good time making our money and a good time spending it.

Industrial Traffic Management Survey

By A. LANE CRICHER

DISTRIBUTION presents the greatest problem faced by the business world today. It is with the physical phases of distribution, namely, the shipping, transporting materials — the handling and storing, and with the financing, and administration of the transportation and marketing services and allied legal matters that there is obvious opportunity for elimination of many wastes in distribution, to the benefit of both the producer and manufacturer and the consumer.

There is practical value and widespread interest in the industrial traffic management survey now in progress. I shall attempt here to touch upon some of the most striking results, already apparent, and endeavor to give you a picture of the work, its progress, our plans, and above all, the relation of our industrial traffic management research to the entire program of the Division of Transportation of the Department of Commerce.

Traffic clubs have long pressed the idea that the economic function of a manager of traffic for an industrial or other organization is indeed worthy of this special study. I heartily agree. The functions of this service — sometimes called, a productive phase of business, may reveal upon study and analysis, valuable ideas relative to removing lost motion in eliminating distribution waste, may suggest definite programs or methods for meeting certain situations, may point out striking dependent relation-

ships between one function of industry and other transportation and marketing functions, which frequently are given only passing attention.

In the traffic research, we approach the subject from the distribution angle. The efforts of the past few decades have been spent largely on problems of production in industry. Excellent results have been achieved. There has been a tendency, perhaps, to lose sight of some of the phases in the distribution of a commodity. Certainly the same amount of thought and effort has not been directed towards distribution which has been so thoroughly applied to production.

Every phase of business deserves the complete attention that production has enjoyed; otherwise, the gains in one branch of industry may be lost to another. Long chains of handling, seemingly necessary, between production

and consumption, offer opportunity for analysis which may result in savings similar to those that have been accomplished in the field of production. In so many cases distribution costs exceed production costs.

Traffic functions and other functions of manufacturing industries have a similarity and a certain interdependent and causal relationship. Each industry is of necessity dependent upon other industry. Much of the production of one industry pays for that of others before profit redounds to the one.



A. LANE CRICHER

Along a second phase of interdependence of industry, the margin between producers' and consumers' prices may be lowered or decreased, mutually beneficial to producer and consumer. By waste elimination — by cutting the great spread per ton in costly distribution — the consumer, the middleman, and the manufacturer all benefit.

There is a direct interdependence in industry where the sales phase of one dovetails or is directly in contact with the purchasing phase of another. Numerous examples of this interdependence arise. Production of automobiles requires that the purchasing department of the organization be served adequately and efficiently by the sales and shipping departments of producers of the products going into automobile manufacture.

We may well add another important phase of interrelation of industry relative to this important problem of distribution wherein the traffic organization of a concern is also directly and indirectly associated. Has it occurred in your experience that distribution of a product is sometimes made costly — has been demonstrated ineffective as to competition and that you have been unable to benefit from good advertising because of a lack of association of the financial functions with the traffic phases of industry? For this reason, among others, there is included in our traffic research the warehousing and storing of commodities.

Therefore, even market distribution to wholesale markets, availability of adequate supply but not oversupply at retail markets, economic or scientific distribution, — all loom as large phases of traffic management in industry.

Many methods are today apparent to cut the cost of distribution. Some of these methods are those of purchase and sale, the chain store, serve-yourself-service, the development and rise of various co-operative market agencies, regional distribution enterprises involving centrally located warehouses. Methods of financing of commercial relations — financing on warehouse collateral by means of negotiable warehouse receipts — partial payment plan — extension selling and buying — all these developments, along with consolidations, have been among the endeavors to cut the cost of distribution.

But has the actual physical distribution, itself, been closely enough analyzed? Our survey of traffic management will, among other things, place considerable emphasis on this point.

The traffic management survey fits closely in this picture and in the recent efforts of the Department of Commerce in waste elimination in the handling of materials.

There was a conference of shippers, carriers and warehousemen held on June 6 in Washington, concerning simplified methods of handling goods. Among other things this conference considered particularly:

1. The use and extension through co-operative effort of simplified methods of handling, moving, loading and unloading goods.
2. Promotion of development of interchangeability in the equipment required for handling goods.
3. Promotion of the establishment of such dimensional standards as may be necessary to secure interchangeability of equipment.

Through its Domestic Commerce, Transportation, Simplified Practice and other divisions the department has approached and studied many phases of marketing, distribution and transportation.

We are not making a census of industrial traffic departments. We are endeavoring to get a cross-section of how traffic is handled, how the departments are now organized. We are seeking to obtain a bird's eye view of this profession, to determine the pertinent factors in traffic organizations and the reasons for which some industries do not maintain traffic departments. Through sampling it is hoped we can clearly illustrate how producing, manufacturing and marketing concerns manage their shipping activities in some 14 or more major industries today. Summarily we are endeavoring to glean the facts in the case. You here are probably familiar with the scope of the research. It is confined to the traffic and to the transportation activities of *shippers* as they pertain to the handling of bulk cargo, shipping of freight, etc., via our transportation agencies and also to the storage, communication and passenger requirements of business concerns. The study, itself, is purposed to reply to twelve major questions:

1. How do business institutions look after their shipping and transportation activities and what is the significance of a traffic department and of adequate traffic management?
2. What are the various kinds of traffic departments?

3. What are the functions of traffic departments?
4. What types of business enterprises have need for traffic management?
5. What kinds of firms have established traffic departments? Why? What kind have none, and why?
6. How large should a business be in order to justify the organization of its traffic functions into a separate department?
7. How much should a business spend in order to secure adequate traffic administration?
8. What are the different organization plans of traffic departments? (Scope)
9. What wastes result from an inadequate attention and understanding of traffic matters?
10. How may wasteful shipping practices be eliminated? (Broad)
11. How do traffic departments co-operate with and serve executive, accounting, legal, financial, production, personnel, purchasing, sales and other departments of business concerns?
12. What is the place and relative importance of the traffic functions of the modern business organization?



W. F. PRICE

The traffic management survey may show or rather indicate that transportation has not been given the attention it deserves. This is borne out in our investigations to date. An executive of a large manufacturing concern tells us that:

"We, of this organization have recognized for some time that if our industries were to compete with those in other sections of the country, we would have to adopt a more intelligent attitude in relation to traffic management. We have, therefore, attempted to spread what we are pleased to call 'the traffic management idea'."

I believe you here will be interested in some of the striking and illustrative replies that we have received to date in our investigations. For example, a quotation from the Pacific Northwest:

"It happened I was working in the office (Sunday) in order to catch up on an accumulation of freight bills and invoices covering the past ten days.

"In this list of invoices and freight bills

there were seven freight overcharges; nineteen freight bills were chargeable in full or part to our shippers. One invoice was a special order, freight chargeable to the customer, which had been overlooked by the originating department. Two shipments required the filing of a claim on account of damage in transit. Three shipments were not properly cared for relative to marine insurance. Two invoices were not properly marked in the buying department for freight allowance. Another freight bill covering a shipment via the canal carried excess advance charges to the Port of New York.

"There were two shipments from Wichita, Kansas, on which the shipper had allowed on the face of the invoice what he considered full freight allowance in order to make the shipment f.o.b. to us. The shipment was not prepaid. We had paid the charges and the allowance made on the invoice was intended by the shipper to be sufficient to cover. In these two instances the shipper over-allowed us, using the wrong freight rate by more than 4 per cent of the value of the goods."

A large concern in Pennsylvania has no separately operated traffic department, their plant being "small," employing about 1,000 men. Their problems are handled

by the *traffic service bureau* of the city.

One prominent traffic manager has stated that his entire state needs a thorough awakening, that, "There are many concerns throughout the state that have an annual freight bill, directly or indirectly, running well over a half million dollars; yet they have no traffic manager or at best only a more or less inexperienced person."

In one locality we find five phases in transportation waste which appear frequently as not recognized in shipping; these five points summarized are:

1. Shipping L.C.L. frequently instead of C.L. to centrally located points for redistribution.
2. Giving little attention to excessive tare and the transportation paid upon it — improper packing.
3. Not knowing the value of a refrigeration car, which often results in payment for thousands of tons of ice wasted at destination.
4. Traffic men realize the difference between

- shippers' and carriers' negligence. Uninformed shippers realize neither of these. They know but little of the Interstate Commerce Act and their rights under it.
5. Even some traffic managers do not know thoroughly their own organizations. Untrained men responsible for shipping frequently may come in a group more remote.

Our investigations show, in reference to the questions regarding industrial waste, that some concerns are constantly applying corrective measures — meeting the steady shifting conditions wherein wasteful traffic or shipping practices can be eliminated. Constant attention is necessary.

One large manufacturing company has pointed out that their experience with sources of supply has taught them, that, with well organized traffic departments in the concerns from which they buy, they can depend upon the goods being shipped in an economical manner and seldom have occasion to make any changes in the manner of shipping, except occasionally with respect to routing due to purely local conditions. However, in connection with shipments from the concerns with no traffic departments it is necessary to be constantly on guard, these concerns are prone to fail in loading carloads up to the minimum weight, in properly routing and describing shipments on bills of lading and shipping orders, and the like.

Traffic administration can be not only self-supporting, but also a source of profit as well as a vital service organization. This is one of the principal facts that our research is tending to prove. The questionnaire replies are stressing not only the savings of a traffic department, but the services of that department, which so clearly assist the other departments of a concern. Where we find one concern employing a thousand men which feels no urgent necessity for separate traffic administration (the one I mentioned earlier), we find another, in the same kind of business which spends several thousand dollars for traffic administration. This administration, we learn, returns to them double the cost. It is realized that there are many services of a traffic organization, which in the aggregate are even more important than this one yardstick of dollars and cents. As the study progresses, unbiased and straightforward answers to the questions, summarized and analyzed will grow in meaning and importance.

The replies are coming in fairly rapidly. The Department will see that the study is properly

completed. It is my earnest hope that the various problems in physical distribution, so important and so tangible, may, through further and more complete understanding of the place of the industrial traffic manager in an organization, assist in eliminating a large number of distribution wastes and greatly aid in cutting the spread between producers' and consumers' prices.

The interdependence of production and consumption, of necessity, requires close attention to proper shipping and marketing — all included in the general terms of distribution. Our marketing system is our agency of operation of the law of supply and demand. The broad experience in traffic functions in distribution is valuable in maintaining necessary adjustment in our machinery of distribution. There is a definite responsibility upon those accountable for traffic functions of our industries in meeting our distribution problems. This profession must aid by all its thought and experience in the general effort to cut the wide margins between demand and supply.

*A little more kindness, a little less creed;
A little more giving, a little less greed
A little more smile, a little less frown;
A little less kicking a man when he's down;
A little more "we", a little less "I";
A little more laugh, a little less cry;
A little more flowers on the pathway of life;
And fewer on graves at the end of the strife.
Lines of American authorship.*

"Anything that King Edward had to do with was always a great success. He always kept time, always kept appointments and he did not disappoint people. He liked very simple food. Whatever it was, it had to be very plainly cooked. If he had a pear, it would be a perfectly plain boiled pear — no coloring, and the only flavoring he liked with his fruit was Kirsch. He also liked very plain boiled bacon and flat beans, and he was especially fond of plain boiled truffles. He didn't like anything colored, or anything sloppy, or anything that would spill down his shirt front."

The latest and most complete information on our Domestic Industries and Foreign Markets for the past year is contained in the 1928 "Commerce Year Book," price \$2.25 per set of two volumes, on sale at the Association headquarters.

Annual Report

By PRESIDENT HUBBARD

Delivered at the Annual Meeting of the Association

A STATEMENT of certain events because of their far-reaching results and because of the influence they have upon groups, bears repetition, and as we are met in this great industrial community which is a monument to pioneers who had a vision, I recall a letter which I received two years ago and which I read at a gathering of manufacturers. That letter is indicative of the spirit which built Cheney Brothers and which built and is maintaining the industrial supremacy of Connecticut.

As president of the Manufacturers' Association of Connecticut, there comes to me, upon an unbelievable number of occasions, word of the threats, coercion, enticements, and pleadings of booster organizations of other sections of the country. The letter to which I refer was addressed to me by Mr. Charles Cheney, president of Cheney Brothers, and is as follows:

"I have your letter in which you mention the fact that you have heard rumors that Cheney Brothers have been solicited to move to the South.

"The fact of the matter is that we have had not one but probably a hundred such offers, generally coming from the South, Southwest and Canada, although some have come from other regions. These proposals usually set forth many advantages to be obtained by us

in establishing branch works or in moving our main plant, such for instance as superior transportation facilities, remission of taxes, assistance in capital investment, freedom from ex-

pense of heating and, to a certain extent, lighting, cheap coal or water power or both, and, above all, greatly reduced wages.

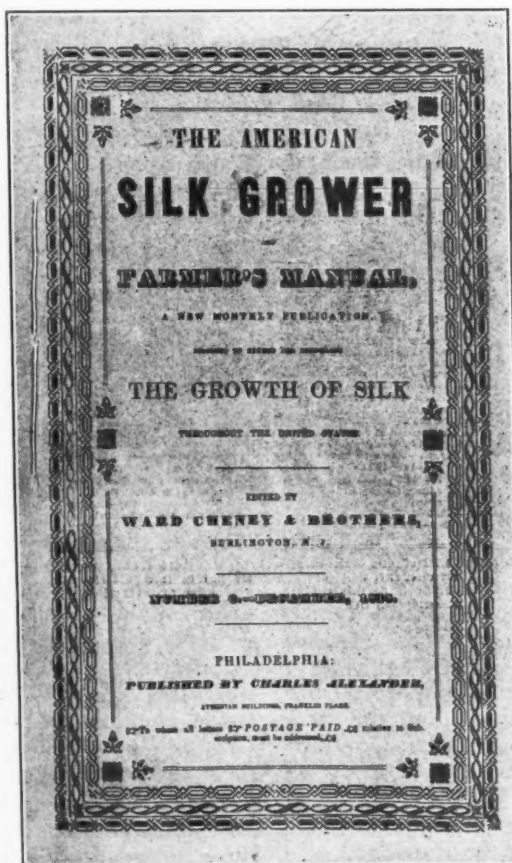
"I may safely say that in some cases the wage scales which are cited are not much over half of those which we are now paying.

"Assuming that all of these advantages could be realized in full, and that we should suffer no counterbalancing disadvantages in moving, there is no doubt that the economies would amount to very imposing figures.

"All of these solicitations have been courteously answered to the effect that we are firmly established in Connecticut and have no intention of establishing any branches anywhere and, above all, have no thought of moving. Our future must be a continuation of our past. Our roots are deeply

imbedded in the soil of Connecticut and we must win or be defeated on this ground."

Such is the answer of Cheney Brothers — "Our future must be a continuation of our past." And that that future will be a credit to the splendid management and the excellent group of operatives, no one of us has the least doubt. It was that spirit, as I have said, which



built this great manufacturing enterprise, not stubborn resistance without foresight, for the history of Cheney Brothers is not without its periods of struggle and even of failure. But the true capabilities of management are evidenced in overcoming failures and building more solidly for the future.

The original Cheney Brothers were farmers who carried on an unsuccessful attempt to grow silkworms in this country, in New Jersey and later in Manchester. This effort, which ended in failure, was merely a small bubble in a great bubble that burst due to natural inhibitions. But the spirit was not broken, and we find early evidence that Ward Cheney and Brothers soon realized that their success was to be achieved in the manufacture of silk rather than in the production of raw silk. The columns of the magazine which they edited in Burlington, New Jersey, are filled with words concerning their hopes and ambitions.

I temporarily have in my possession a number of copies of that publication. "*The American Silk Grower and Farmers' Manual*," edited, as I have said, by Ward Cheney and Brothers. It is an interesting publication, and I presume that the present Cheney Brothers must recognize their deficiencies when they peruse that publication, for their forebears dealt with everything from cabbages to kings. Not only are the life and habits of the *Morus Multi-caulis* portrayed in great detail, but the same magazine carries articles on a wide variety of subjects. I quote from the index of a few of the issues:

"Accidents to Horses"

"Cure for the Bite of the Rattlesnake."

But before I go further, I want to explain that the Mr. Tucker who informed the Messrs. Cheney of this cure recommended not the remedy which you all have in mind, but the application of a "bulbous milky root known by the name of 'Lion's Tongue'." The victim was supposed to drink a concoction made from this weed.

A very illuminating article on the mocking

bird appears in the May 11, 1839 issue, as does instructions as to how to warm horses, and a delightful little poem on love.

More serious subjects are also treated. Much of the publication is given over to articles on the education of children, which, as all of you know, has been fully carried out by the descendants of these early Cheneyes in the establishment of a really remarkable educational system sponsored and fathered by Cheney Brothers in South Manchester.

An article on fattening hogs appears on the same page with an admonition to "go to church." Pigs and piggeries are fully explained, and there is a most useful article on "Instructions Regarding the Milking of Cows." The readers of the "*Silk Grower*" are advised as to the best food for young turkeys and a very helpful article on page 20 of the July, 1836, issue contains instructions on the making of wine.

Presumably the farmers of those days took a real pride in their livestock, since a full page is given over to an article entitled, "How to Make Cows Neat."

Throughout the struggle to make the production of raw silk a stable industry, we have evidence in the publication that the eyes of the writers were constantly on the possibility of manufacture of silk commodities, for those were the days in which the dress of milady swept the ground and the "*American Silk Grower*" admonishes the fair sex "to tuck in their ruffles."

But for those who would peruse these interesting issues of the "*American Silk Grower*," there is a wealth of information which indicated clearly the foresight of these pioneers of Connecticut industry.

The Cheney family, as I have indicated, were farmers and did a great deal of experimenting with silk culture. In 1836 they purchased 45,000 mulberry trees and Ward Cheney planted 300 of them horizontally in furrows. 3,700 shoots sprang from these furrows and in six weeks 6,000 silkworms produced three

Sour notes in the bass horn, complained of by many sport writers at the recent Yale-Harvard game, were not part of the stock in trade of the South Manchester High School orchestra. Many favorable comments have been received on their contribution to the annual meeting program, and they seemed to enjoy their work as much as their listeners. They filched a period from their class schedule, so members can feel satisfied that they have contributed something to the gayety of youth.

bushels of cocoons. The country was thoroughly aroused to the possibilities of silkworm culture and various sections of the country were given over almost entirely to the growing of mulberry trees, even though the panic of 1837 was raging. What the panic was unable to kill, however, the rigorous northern climate put an end to. By 1840, nearly every one had given up the hope of successful raw silk production. All trees which survived the blight of 1844 were burned as brush. The Cheney Brothers — Ralph, Ward, Rush, and Frank, foresaw the impending failure and established the Mt. Nebo Silk Mills at Manchester, Connecticut, in 1830. This year marks the beginning, not only of the great plant whose guests we are today, but of successful silk manufacturing as it is now carried on in the United States.

There exists somewhere in the archives a picture of a little old barn which was the first Cheney Brothers silk plant. With a capital stock of \$50,000 and in this barn, which measured 32 by 35 feet, erected at a "barn raising bee," the industry started. As in most other industries, the original power was from a waterwheel with a six-foot fall. The same wheel was used at various times for furnishing power for distilling, grain grinding, and paper making.

Sewing silk was the first product of manufacture, the raw material for which was brought from the Orient on the fast clipper ships which plied between the ports of that section of the world and Connecticut ports.

With the invention of the sewing machine, the need for a strong twist silk was felt and Cheney Brothers were first to supply the demand.

Contemplate on your trip through these mills this morning. Then picture the little old barn, 32 by 35 feet, and gain some impression of the contribution which this family has made to industry, not only in perfecting its own processes and in the production of a commodity which is known for its excellence throughout the world, but in the inventions and the methods which have been given to the silk industry and to American industry as a whole. Cheney Brothers were pioneers in the realization of the existence of an employment relations problem. The last twenty-five years did not bring the thought to them. In the columns of the "*American Silk Grower*" you will find this appreciation throughout. What the Cheney Brothers have done for South Manchester will not be forgotten by the people who have bene-

fitted.

Of the contributions and inventions, a word should be said. The "Rixford Roller" for doubling and twisting silk thread is one of these. The perfection of processes for the elimination of waste is another notable achievement. Before the Cheney brothers attacked this problem, the greater part of the cocoon was wasted. Much of the raw silk became too tangled to be reeled. It could not be spun. Enormous amounts of money for those days were spent, and waste was almost entirely eliminated through a special process of spinning. It was Cheney Brothers who first really undertook the manufacture of silk ribbons and it was they who put broad silk manufacture on a sound basis. The "Grant Reel," the most important labor-saving device for the handling of silk thread, was a product of the Cheney mills.

And so we might go on and on with an endless list of fundamental contributions, throughout which the indomitable spirit that is evidenced in the letter which I read as I started to talk, is exhibited.

The history of Cheney Brothers has never been written. The little that I have been able to tell you here was taken from the magazine to which I referred and from the bit of family tradition which I was able to extract from the present Cheney Brothers. Some day some one will write an adequate history, some one will collect the family diaries which have been preserved, and that some one will preserve for posterity one of the most remarkable romances that has ever been told. It is my hope that another year will not pass before this is done.

The auditorium in which the principal sessions were held has an honorable history. For over fifty years it has witnessed functions as diverse as weddings and funerals, foremen's meetings and salesmen's conventions, debutante parties and welfare activities.

Dealing with romance and history, it is difficult to return to the commonplace. Our accomplishments seem futile and insignificant beside the really great accomplishments which I have attempted to outline, but as president of the Manufacturers' Association of Connecticut, it is my duty to render an accounting of the stewardship which has been conferred upon

the Board of Directors and officers of the Association by the membership.

A comparatively few years ago, the officers and staff breathed a sigh of relief upon the adjournment of the State Legislature. When the Association was first organized, its chief recognized function was in connection with the Legislature. The other periods were what might be termed "slack periods." It may be that broadening of viewpoint and natural growth of the Association are in part responsible for the expansion of the work of the Association, but some of it certainly must be laid to the fact that a firm foundation of basic and sane state laws has made much of the legislative work unnecessary. We are fortunate thus far in this state in having in each session of the Legislature a group of men and women who understand the fundamental bases of individual prosperity, and in the legislative work of the Association, we have been fortunate, as I have indicated, in aiding in the passage of conservative statutes regarding industry. It is not difficult to understand the effect upon industry if the Workmen's Compensation Law had not been carefully worked out at the beginning and carefully amended as experience developed. Manufacturers can readily understand the results of a less equitable tax statute; if the original Pollution of Streams Bill had been permitted to pass; if the unreasonable Hours of Labor Bills had become law; and if a thousand other bills which have been introduced during the period of existence of the Manufacturers' Association, had become law.

But with this firm foundation of our legislative structure, the activities of the Association can be given over to more constructive efforts. The Association has grown to real proportion. It is out of its swaddling clothes and it is departmentalized to an extent little dreamed of by the reorganizers of 1915 and absolutely inconceivable to the founders of the first Society for the Promotion of Connecticut Manufacturers in 1816. Even some of the members, I venture to say, do not realize the wide variety of services rendered to Connecticut industry by the Association. It is impossible to conceive the importance of the work

unless you live with it daily.

At this point I want to say that regardless of the broad expansion of the work, the staff of the Association has not been increased. There have been replacements during the past year but no additions to the staff.

I'm not going to take too much of your time with the recital of the activities for the past year. I shall merely skim the surface.

The foreign Trade Department is on a firm foundation. We have located at our headquarters office a Co-operative Office of the Bureau of Foreign and Domestic Commerce and through this medium, are rendering a real service to Connecticut importers and exporters. Those of you who attended the Foreign Trade Conference held in Hartford on October 24 realize in part the extent to which this work has gone. In his public address and in his

private conferences, Dr. Julius Klein, Head of the Bureau of Foreign and Domestic Commerce of the United States Department of Commerce, has said that the Department is extremely fortunate in having the machinery of such an organization at its disposal.

It is our hope that during the coming year the members of the Association will take even greater advantage of the facilities which are offered to them in this field.

The term "Industrial Relations" has come to connote a wide field of activity. Whereas five years ago the chief function of the Industrial Relations Department was in connection with strikes, today such occurrences take a comparatively small part of the time of the Industrial Relations staff. During the past year the state has been blessed with comparative industrial peace. In fact, our active participation in a strike was called for but once, and in that case the crisis was averted.

As one phase of the broader industrial relations effort, I point to the aid rendered to the Occupational Disease Division of the State Department of Health. I point also to the aid rendered various members in the way of information on industrial relations plans, wages, workmen's compensation interpretations, and so forth. I point to the statewide index on labor turnover which is compiled in the Indus-

One anxiety of the officers and staff was dispersed when the sun broke through the clouds on the morning of November 7th and old man weather gave the Association a good break, without which the plant inspection and other details would have been harder to handle.

trial Relations Department through co-operation with the Metropolitan Life Insurance Company. I point to the activities in connection with the solution of the problem of prison-made goods, which has had intensive study by committee members and the staff; and to the wide variety of problems which come under the jurisdiction of this department, including workmen's compensation, which, as most of you know, is no small task, for you will remember that strenuous period through which we went during the last session of the Connecticut General Assembly.

The Compensation Committee is at present carrying on an arduous bit of work with a view to probable revision of the Compensation Law, brought about through court interpretations of the existing law.

The Research Department, created some years ago as an innovation, has grown to really amazing proportions. More and more member concerns are utilizing the service which is offered, but in addition to the individual services of the consulting and laboratory type, we have entered a new field of technical education. At the present time there is being conducted in three Connecticut cities a course on "Steel Heat Treating," which is being given under the joint auspices of the American Society for Steel Treatment and the Association. Nearly 300 men are enrolled in this course. This fall a course in "Temperature Control" will be given by the Association in the auditorium of the Bristol Manufacturing Company at Waterbury. Last year, as some of you know, we graduated 93 men from our Transportation Courses which were given in five cities of the state. This year the courses are being given in eight cities, and in addition to the elementary course, an advance course is offered.

Taxation is, as always, a vexing problem. Your committee on taxation has been at work for the past year in developing a comprehensive plan which, if in the opinion of experts it is workable, will be submitted for your approval when completed.

The activities of the Association in connection with the development of a uniform system of cost accounting, which is being undertaken in co-operation with the National Association of Cost Accountants, is having its real effect. I shall not bore you with the details of this co-operative plan. Those of you who have taken advantage of what it has to offer are familiar with it.

I spoke a minute ago of the additional duties

which have been undertaken by the officers and staff in the departmentalization program of the Association, and in this connection I ought to point out, I believe, that no member of the staff is giving his or her full time to membership solicitation. It is most gratifying to note that during the past year a gross increase of fifty members has taken place. There have, of course, been resignations, but without exception, these resignations have been due to business conditions and other causes, and not to dissatisfaction with service rendered by the Association.

I might go on indefinitely in rendering an account of the stewardship, but as I have said on a number of occasions, the officers, directors and members of the committees prefer to let the accomplishments speak for themselves. I believe it is safe to say that the great majority of manufacturers of this state feel perfectly confident that their interests, so far as national and state legislation and other promotional and defensive functions are concerned, are being properly taken care of. The minute that your interests are not protected, the structure of the Association falls, and so I offer to you the volume, "The Manufacturers' Record for 1928," and I urge that you follow the plea contained in the foreword of that volume. If you do that, you will have a clear conception of the activities of your Association. It is a record of which we are proud.

And now in conclusion, I want to enlarge just a bit upon one of the activities of the Association and ask your indulgence while an accounting is rendered.

The officers and directors, at the last annual meeting, asked your approval of the so-called co-operative plan in connection with transportation problems, and for the establishment of a Transportation Department at the Association's headquarters. Both the Transportation Department and the co-operative plan have been in operation for some months and it is our opinion that the confidence which you placed in us has been justified. I am, therefore, going to ask Vice-President Goss to report on the status of the transportation cases which were before you at the time of the last annual meeting as well as those cases which have arisen since that time.

*"This road is not passable,
Not even jackassable."*

Published in an Indian Newspaper, 1839

Know Your Costs and How to Use Them

By JOHN V. MONTAGUE

ON two different occasions it has been my privilege and pleasure to appear before joint meetings of Connecticut Manufacturers and Cost Accountants. Today this meeting is composed chiefly, so I am told, of manufacturers. If an accountant, as such, has a message for manufacturers it is "Know Your Costs and How to Use Them."

With examples of your skill and knowledge of manufacturing processes before all the world in the shape of countless usable articles, with unmistakable evidences everywhere of your ability to sell these articles at a profit even in a highly competitive market, and with contentment prevalent among your employes, I am somewhat timorous in venturing the assertion that some of you, because you do not know your costs or how to use them, are not as successful or as prosperous as you should or might be.

The successful operation of a factory, the ability to invent and improve, the honorable conduct of business and that instinct for trading to an advantage, are heritages from your immediate ancestors as they inherited the same things from their forebears. But you did not inherit an instinct, or even a desire, for a method of discovering the cost of operating your factories or of running your business. Of recent development is that important business step. Things like that were regarded as the foolish dreams of theorists and to a large extent still are.

Beliefs and opinions may be inherited as well as brains and energy. Accountants would change some of those beliefs and opinions, particularly those which measure profits by bank account increases only, substituting therefore

correct statements depicting financial position, profitable or unprofitable products, wasteful factory practices and bad management. An increase in a bank account might mean an unprofitable business year. Liquidation of working capital at a loss can easily produce cash. Unless there is a good accounting system in operation, such liquidation might take place without the knowledge of the owners of the business. The larger the business, the greater the danger from such sources and from the results of poorly co-ordinated efforts and mismanagement.

No honest accountant will claim that he can reach perfection in his cost system, nor will he claim that he has a panacea for all ills of business. I was once disqualified as a witness in a Connecticut court because I admitted that I had never and could not produce an absolutely true cost of any article produced in any factory anywhere. The judge sustained the attorney's objection that I was an incompetent witness. My answer was correct but the judge's ruling based on that answer was not.

Accounting is only one of the tools of business, but one of its most important tools. Inasmuch as a tool is an instrument by means



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of which articles are fabricated, this tool of business, accounting, is the instrument by means of which progress is made in trading. As factory tools are repaired or change, redesigned or improved — all for the purpose of producing better and cheaper products thereby increasing profits which is the one outstanding and avowed object of business — so accounting is also an evolutionary process, propelled in its changes of method, redesign and improvement of system, by that same urge to swell the treasuries of business. That is the reason for its existence and it is a worthy reason.

Accounting is management's best guide. Keeness of observation, sound judgment and intuitively correct distinctions between a wise and profitable venture and one that is alluring but dangerous, protect many men and their businesses, but, if coupled with these excellent qualities of mind there is at hand for use and guidance, an historical record of past performance, a system of accounts which points out failures in factory practices, mistakes in business policy and errors in business judgment and at the same time prognosticates business action, visualizes mathematically the successes yet to be obtained, there cannot be a justifiable excuse or reason for its neglect.

These are not exaggerated or wild claims for accounting. They are every day accomplishments of those progressive and successful companies making full use of their accounting departments. Of course, these companies pay well for such information and it is money well spent. It yields returns as great as the money expended for the operation of any other department. An immense amount of time and energy and study are required for the training and education of an accountant. He is just beginning to be recognized as a loss-preventer and a profit-making individual. Proper remuneration is following that recognition but it is still limited to a few forward looking companies.

"Know your costs and how to use them." That subject is really two subjects. I shall confine my remarks to the last phrase of the subject — how to use costs. That title presupposes an adequate cost system in operation and a knowledge of cost accounting on the part of someone in an organization who wishes others in that organization to use, to an advantage, the cost system and the facts which it presents. I assume that I am in the position of one who has correctly collected the cost of operating a business and must make that infor-

mation useful in order to justify the cost of collecting it. Therefore, I need not bother myself or you with a discussion of ways and means, theories and practices, methods and systems of cost accounting.

We know that cost accounting is important, that it is absolutely necessary in any manufacturing business, that any kind of productive business cannot long endure in the face of prevalent competition without a knowledge of the cost of operating that business and producing its products. Who uses these costs? Departmental costs are used by foremen, superintendents, general managers and all the executives. Product costs are used by sales managers or whoever has to do with establishing selling prices. From the one there is obtained a dollars and cents record of a foreman's effectiveness in controlling his department and a portrayal of his ability as a sub-manager. From the other there goes forth the information which foretells the future prosperity of the business. "Forewarned is forearmed." Progress follows predictions, and predictions can be and are made with assurance if costs are esteemed by the Sales Department and there used earnestly, willingly and confidently as the one sure means of seeking and obtaining business at a profit.

The cost of an article is the gauge for its selling price. I know there are many business men who claim that selling price is fixed by competition rather than cost. But those same men are among those who have yet to develop cost systems giving fairly close approximations to true costs, and are followers of competitors' prices, when they could, by the exercise of a little foresight and vision and the expenditure of a comparatively small amount of money, take the lead in setting prices in their industries. I firmly believe that ruinous competition such as exists today, forcing selling prices below the cost of production, can be controlled and corrected by a knowledge of the cost of products.

In a recent meeting of the Pressed Metal Institute, held in New Britain, the statement was made that sales managers without cost knowledge were lacking in backbone and could be beaten down to almost any price. That is true and it follows whether the buyer knows the market or is bluffing. If you know your costs and will use them and if your competitor knows his costs and will use them, selling prices will be governed by costs. Common sense will allow no other step. It is for that reason that I say "Know your costs and how to use them."

Knowing your costs you know your business. Without that knowledge the ultimate aim of business, profits, is confounded. Production inadequately rewarded, for a time, will perhaps force producers to reduce costs by an improvement in methods. Quality may even be raised under that pressure, but results such as these cannot continue under a continuation of such a false and unjust burden. Soon quality disappears and service becomes a memory.

In order that my remarks may reach the eyes of your minds and that you may see as well as hear, you will find below, an operating cost statement that serves as an intelligent in-

operating one department of a manufacturing company which is given to the foreman of that department. A consolidation of all the departmental statements will give the total operating costs of that company.

It will be observed that the statement presents operating costs in two ways. First there are the columns for the percentages or unit costs — the standard percentages and the actual cost percentages. Then follows the amounts set as standards for achievement followed by the actual recorded costs. These figures cover one month's operation. Then the

	PERCENTAGES			AMOUNTS			
	Std.	Actual Month	Year	This Month Standard	Actual	This Year to Date Standard	Actual
Direct Labor	100.0	100.0	100.0	\$6,000	\$6,000	\$40,000	\$40,000
OVERHEAD COSTS:							
Indirect Labor:							
Supervisors	10.0	9.7	10.1	600	580	4,000	4,040
Clerks	4.0	4.6	3.8	240	275	1,600	1,520
Toolsetters	31.0	29.7	32.0	1,860	1,780	12,400	12,800
Movemen	11.0	10.5	10.0	660	630	4,400	4,000
Stock Keepers	.5	1.0	.5	30	60	200	202
Inspectors	1.0	1.6	1.2	60	100	400	480
Other	2.0	2.1	1.7	120	125	800	680
Repairing Faulty Work	1.0	1.3	1.4	60	75	400	560
Unearned Wages	1.0	.8	.9	60	50	400	360
Extra Operations	.5	.7	.6	30	45	200	240
Total	62.0	62.0	62.2	3,720	3,720	24,800	24,882
Operating Supplies	3.0	4.0	2.8	180	240	1,200	1,120
Spoiled Work	7.5	8.0	7.0	450	480	3,000	2,800
Maintenance of Plant	12.0	15.0	10.0	720	900	4,800	4,000
Maintenance of Tools	50.0	40.0	52.0	3,000	2,400	20,000	20,800
Other Service	2.0	3.0	1.5	120	180	800	600
Power and Steam	15.0	16.0	12.5	900	960	6,000	5,000
Depreciation	9.0	9.0	9.0	540	540	3,600	3,600
Taxes	3.0	3.0	3.0	180	180	1,200	1,200
Insurance	1.0	1.0	1.0	60	60	400	400
Rental	15.0	15.0	15.0	900	900	6,000	6,000
General Plant Expense	75.0	80.0	70.0	4,500	4,800	30,000	28,000
Extraordinary Work	3.0	10.0	4.0	180	600	1,200	1,600
Total Overhead	257.5	266.0	250.0	\$15,450	\$15,960	\$103,000	\$100,002

NOTE:

Std. = Standard

Month = Current Month

Year = Year to Date

terpretation of what constitutes operating costs and in a measure answers the question of how to use costs.

This statement is a condensation of departmental cost records. In itself it does not present as much detail as must be recorded to answer questions from the operating heads, or to settle disputes which will arise as soon as such a statement is put into effect. It is an example of a statement showing the cost of

same information for the accumulated costs for that portion of the year which has elapsed, is given. The standards are based on the normal direct labor dollar. In a mining business, in a smelter or in a brass mill, the costs may be reduced to a unit of product, the ton or the pound, and standards set for each item of cost on that basis. But in a manufacturing business where the finished product is a conglomeration of materials such as steel and brass, leather and

glass, rubber and cloth, etc., each perhaps with a different unit of measurement, no common unit on which to calculate costs is possible. The statement was designed for a factory of that kind and in the absence of any definite or known method of determining unit costs, the amount of money paid to producers is used to establish a record of performance, which in turn furnishes the base for setting standards for future operations. The direct labor hour or the machine hour would answer just as well. The thing desired is some kind of a measure which will apply to all operations and to all departments of a particular factory. Normal direct labor is one. If a foreman is given a statement of this kind every month, good results will follow if he is a good foreman.

An analytical exposition such as this statement is, shows the foreman's effect on company finances and enables his superiors to measure his ability as an administrator and provides the directing heads with an opportunity to prepare for the future cash demands of factory operation. That is one way to use costs. It makes the foreman a part of the accountant's scheme to control costs. A goal has been set for him often with his assistance. He strives to reach it and in that effort develops a better knowledge and understanding of his department, an acuteness in anticipating deleterious influences and an eagerness to accelerate production and lower costs below acceptable figures represented by the standards.

In a larger way these statements serve the superintendents and managers. Expand them so that every department appears before their eyes. Every dollar spent for operating the factory is properly recorded and presented in statement form for their inspection and executive action. They see last month's costs alongside the best expectations for that month. Those expectations are founded on the best judgment of their accountants combined with the experience and operating knowledge of their foremen. That portion of the year which has transpired also appears as an actuality compared with earlier prophecies. It is a history of true facts impossible to circumvent and a record of future hopes not incapable of fulfillment. Are not these things worth while? Has management a better guide? A better measure for its operatives? A better incentive and inspira-

tion for the improvement of factory operation?

Study your costs with a view to discovering bad practices and departures from operating or cost standards. In the statement which you have before you, direct labor, as I have said, has been used as the base for setting standards for all operating costs. Like any other base which might be used, it is beset by dangers. It requires eternal vigilance on the part of the accountants in order to prevent a misconception of its elements or a misunderstanding of its definition, either of which can easily result in its distortion and inflation. An inflated divisor produces a reduction in unit costs. An alert foreman soon discovers that high direct

labor, false or true, when used as a divisor, lowers his overhead rate. It is not a difficult thing to divert some part of the cost of indirect labor to direct labor channels: to falsely or mistakenly classify all of the wages paid to a producer as direct labor when that producer may have spent a part of his time on non-productive work for which he received payment. Piece rates and production control and production standards are checks on false steps of this kind. A list of the operations necessary for the production of an article, together with the estimated



JOHN T. CHIDSEY

or standard cost set for each of those operations, should control the collection and allocation of the costs chargeable to those operations. Any deviation from that procedure, any departure from the straight path blazed for the operating journey by the cost men, estimators, and engineers, ruins the standards which they have so painstakingly set and deprives the sales department of approximately true costs, its chief weapons in selling goods at a profit. Next to having something to sell, the most important thing in selling, the regulator of prices and profits, is the cost of the thing to be sold. How to use these costs when they are of doubtful value, or when the sales department is fully aware of inconsistencies in the cost building acts, is a problem for which I have no solution. Where false practices are indulged in, where departures from correct standards are permitted, either throw out your cost system and guess at your selling prices, or make that system and its concomitant pursuits right and sell from a known and accurate base.

A simple illustration will emphasize this point. In a factory which I will call mine, I

set cost standards for each department in my factory and for each operation performed in those departments and never depart from those standards unless and until conditions have so changed that a change in the standards becomes necessary. Then I change my procedure to meet these changed conditions. Over a given period of time, I have developed an overhead rate of 150% of my direct labor. In your factory, equipped exactly like mine, you employ the same number of workmen who have equal skill and efficiency and receive the same wages as the workmen in my factory. All other operating factors are equal. We even make the same products and spend exactly the same amount of money in production. Your true overhead rate then is identical with mine. We sell our goods at a price which yields 10% above the costs reported to us. The number of units sold are the same. Then our profits should be the same. Because you have not had the direct labor in your factory properly reported, your cost department presents you with a statement showing that you have an overhead rate of 127% instead of 150%. We meet and compare costs. I am somewhat chagrined to find that you seem to operate more efficiently than I do. You are twenty-three points lower in your overhead rate than I am. You are proud of the showing you have made and to all appearances are a better factory manager than I am. We compare profits. My chagrin turns to elation. Your pride takes a fall. I have made 25¢ more on each article sold than you have. You have made no profits at all. My costs were \$1.00 in direct labor and \$1.50 in overhead, the total factory costs of my product being \$2.50. We will forget the cost of material and all other costs. I added 10% to this factory cost of \$2.50 and sold each article for \$2.75. The inconsistencies in your cost system had incorrectly diverted 10¢ from indirect labor to direct labor, giving you the lower but incorrect overhead rate of 127%. Your costs were reported as \$2.27 for each article consisting of \$1.00 in labor and \$1.27 in overhead to which you added 10% for profit and received through sales \$2.50, an amount which exactly equals our true costs and which is 25¢ lower than the price I was able to obtain. I have made money but you have not. You only broke even. You concluded that you were a better factory manager than I am. I concluded that I am a better merchant than you are.

Neither conclusion is correct. I have made better use of my costs than you have of yours

although your opportunities were exactly those before me. If we continued to operate for another year, there is no question but that my costs would be lower than yours. My foremen will get results from sources your foremen do not know are in existence. Insofar as costs are concerned, your foremen continue to operate blindly. Mine are given statements showing what they have done, what they are doing and what they are expected to do, and are guided and helped in cost reduction.

The picture I have drawn for you emphasizes the need for accurate costs and the ability to use such costs after you have obtained them. The exercise of that knowledge and the use of that ability will make you money. Those of you who have used costs in the right way know the truth of that statement. Those of you who have never tried to exact from your costs the full measure of their worth and value, cannot deny the statement, so cannot say anything.

In connection with the use of costs you will often hear the statement that costs do not serve a good purpose unless they are presented within a reasonable length of time after they have been incurred, followed by the remark that the accountant is a mere historian, that his figures are valueless because they all relate to the past. That is a criticism emanating from the owners of business. It is partly true. But please bear this in mind. While the accountant must necessarily record past events, write your business history in figures, he is the best, the most accurate and truthful historian in the world. He is more than that, more than any other historian has ever been. He is your prophet. Without him and his history, without his knowledge of every department in your business and that business' most intimate secrets, without his ability to read from the figures of his history, the weaknesses of organization, the eccentricities and over-optimism of estimators and salesmen, you could not take that forward step of recent business development, you could not operate and control a budget worthy of the name. He gathers all pertinent information relative to the budget, classifies that information, corrects figures, revises estimates, stabilizes judgments, predicts to a remarkable degree of accuracy the results of future department operations, and lays before you a statement of what is to happen, one month, two months and even a year hence.

Is that worth while? Most concerns seem to think so, as budgetary control has had a remarkable growth in the past few years.

Taxation Department

*Timely News on Federal and State Tax Matters Will Appear in This Department Each Month,
Prepared for the Association by Hadfield, Rothwell, Soule & Coates*

Income Tax Blanks for 1928

Advices from Washington indicate that all tax forms for reporting 1928 income have been completed and that they are being sent out to the respective Collector of Internal Revenue offices for addressing. None will be released to the public until the Bureau authorizes, which will probably be subsequent to January 1, 1929.

Shultz Bread Company vs. Commissioner of Internal Revenue

On November 1, 1928, the Supreme Court of the District of Columbia issued a writ of mandamus compelling the United States Board of Tax Appeals to enter judgment for the taxpayer, the Shultz Bread Company, Docket numbers 20652 and 20653, for failure of Commissioner to answer in sixty days.

Upon filing of a petition by a taxpayer with the United States Board of Tax Appeals, the Board serves a copy upon the Commissioner of Internal Revenue. After such service, the Commissioner shall have sixty days in which to answer, or forty-five days within which to move with respect to the petition.

The Shultz Bread Company filed its petition with the United States Board of Tax Appeals on October 15, 1926, praying for a re-determination of alleged deficiencies. In accordance with an informal agreement of counsel, the case was referred back to the Income Tax Unit for reconsideration. On December 20, 1926, the Commissioner moved the Board for an extension of one hundred and twenty days within which to answer and this motion was granted.

Thereupon the petitioning taxpayer moved to vacate the order extending the time for filing the answer and for judgment by reason of the Commissioner's failure to answer the petition of the taxpayer within the sixty days provided by rule 14 of the rules of practice of the Board of Tax Appeals.

On January 26, 1928, the Board denied the taxpayer's motion to vacate the order and for judgment by default.

The taxpayer then petitioned the District of Columbia Supreme Court for a writ of mandamus ordering the United States Board of Tax Appeals to enter judgment against the Commissioner by default and requiring that a final

determination be made under rule 50 of the Board's rules of practice. As stated above, the District of Columbia Supreme Court issued a writ of mandamus and the Board of Tax Appeals has noted an appeal to the District of Columbia Court of Appeals. The case will probably go to the United States Supreme Court. In the mandamus suit, the taxpayer contends that the rules of court are binding upon both the court and parties, but the Board of Tax Appeals contends that discretion is vested in courts to suspend particular cases from operation of their rules and that the Board has the inherent power to suspend a rule of its own making.

The outcome of this case is being watched with interest on account of the large number of cases that have been passed along to the United States Board of Tax Appeals, which accountants, lawyers and tax practitioners have in many instances felt should have been settled in the Income Tax Unit before reaching the Board. In other words, in certain cases, there has been a feeling that in the past the Internal Revenue Department has "passed the buck" to the United States Board of Tax Appeals, resulting in an accumulation of a large number of cases before that body. Of course this situation of late has been somewhat remedied by the formation of a Special Advisory Committee in the Income Tax Bureau and the possibility of settling many cases before they reach trial before the Board. At the present time, it is reported that the cases disposed of by the United States Board of Tax Appeals have for the past few months exceeded the new cases created and for the month of October about double the number of cases were disposed of in comparison to the new cases filed, the statistics indicating approximately 926 cases disposed of as compared with 430 cases filed. This situation is indicative of the fact that more cases are being settled by the Internal Revenue Department with the necessity of fewer appeals to the United States Board of Tax Appeals. The Special Advisory Committee has a special representative in New Haven and it is now possible in many instances to dispose of cases pending before the Board by conference with him, rather than the necessity of going to Washington.

Transportation Department

New Haven Service

At a recent meeting of the Traffic Committee, Mr. J. O. Halliday, Manager of Transportation, New York, New Haven and Hartford Railroad Company, presented reports on car movement, which were indicative of the splendid service which is being rendered by the New Haven road. Mr. Halliday was asked to present some of these facts in writing. His letter to President Hubbard follows:

"My dear Mr. Hubbard:

Referring to my remarks at the September meeting of the joint Transportation Committee with reference to certain operating accomplishments of the New Haven during the month of August. While I also touched on what the outlook was for the September record, I have refrained from writing you as per our understanding until the September figures were complete.

"During the month of August we loaded from stations in Connecticut 2438 merchandise cars to gateway transfers of connecting lines, 98% of which were delivered on time. During September we loaded 2352 merchandise cars, of which 95% were delivered on time.

"The average miles per car per day, which is recognized as a fair measuring stick of operating efficiency, during the month of August was 25.44 and during September 24.45. The average time foreign cars were detained on New Haven rails, that is from the time received from connections until delivered off either loaded or empty, during August was 4.98 days and in September 5.26 days. The time the car was held in the possession of the consignee ordinarily termed 'consignee detention' was during August 1.57 days and September 1.62 days. This average turning time and average consignee detention shows particularly well for both the carrier and the receiver, but notwithstanding this favorable showing, demurrage assessments in August were \$58,073.00 and in September \$57,071.00, representing an out of pocket expense which consignees could have saved for themselves by a more expeditious release of cars handled by them. In order to incur such a heavy demurrage penalty, some of the individual consignee detentions were quite severe, as of total cars handled in August

85.8% were released in free time and in September 84%.

"During the month of August the daily average number of cars in place for unloading by consignees was 9,183 and daily average car unloadings was 4,366, or 47.5%. In September daily average number of cars in place for unloading was 9,326 and daily average unloaded was 4,392, or 47.1%.

"We have for a long time held out the hope that the daily car releases would be equal to 50% of those in place for unloading. If such an accomplishment could be brought about, it would go a long way toward relieving consignees of the demurrage penalty which accrues against them and at the same time represent a marked economy to the New Haven from the standpoint of car hire expense.

Yours very truly,

(Sgd) J. O. Halliday
Manager of Transportation "

National Industrial Traffic League's New President

Mr. W. H. Day, Traffic Manager of the Boston Chamber of Commerce and Chairman of the Executive Committee of the New England Traffic League, was elected President of the National Industrial Traffic League, at its annual meeting held at the Hotel Astor in New York on November 22. Mr. Day's long experience in transportation matters well qualifies him for this important post.

Mr. R. W. Poteet, Traffic Manager of the Stanley Works, and a transportation expert of wide and long experience was appointed as New England regional Director of the League.

Pig Iron Rates

As previously reported in this column, the Mystic Iron Works, of Mystic, Mass., has presented a complaint to the Interstate Commerce Commission, asking for a reduction on rates on pig iron from Everett to certain points, including some Connecticut points. According to the records of the Association, 68 members are interested, or should be interested, in this case. The Traffic Committee is at the present time conferring with the Connecticut Foundrymen's Association with a view to determining whether or not an intervening petition should be filed.

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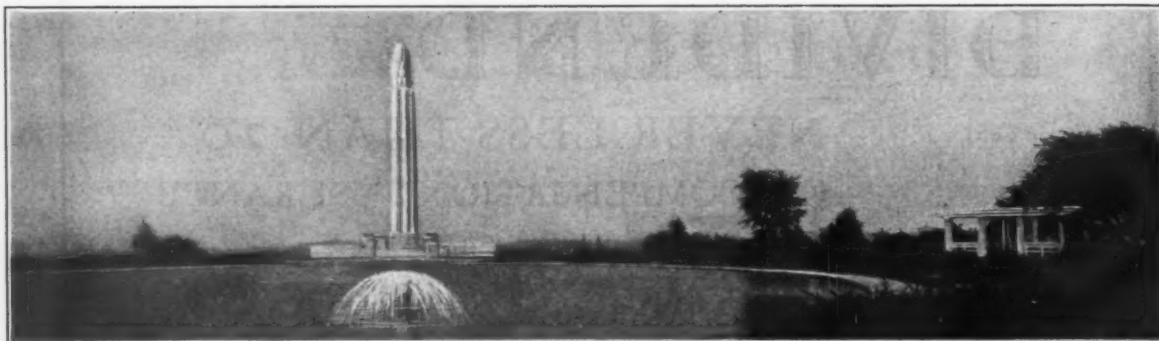
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To Her Sons

New Britain is proud of the patriotic record made by her citizens in the World War and in token of the appreciation which she felt for her sons who made the supreme sacrifice, she caused to be erected a magnificent monument as a visible testimony of an abiding loss and sorrow.

No more fitting expression of the grateful city could be engraved upon the hearts of the citizens than the words of the dedication address delivered by the Honorable Charles F. Smith on September the twenty-second, nineteen hundred and twenty-eight. That address which follows will long be remembered by those who were privileged to hear it.

Upon this incomparable site overlooking the surrounding city and the beautiful panorama which stretches beyond it to the far off hills, the city of New Britain has erected in honor of her citizens who served in the Great War this Memorial which we are met here today to dedicate.

On the north side of this shaft a tablet of bronze records the pride of the city that more than four thousand of her citizens served in that war.

The inscription in bronze on the south side of the shaft and the individual tablets on the circle of stone which surrounds the platform on which it stands, testify to our own and to following generations, the pride and the sorrow of the city for her sons to the number of one hundred and twenty-three who gave their lives to their country in that war. "Their names," so the inscription reads, "are here inscribed; their memory lives in the heart of a grateful city."

Here under the shadow of this shaft draped with the flag and surmounted by the Eagle of Liberty, their names and service recorded in enduring bronze, here, wherever else their bodies may lie on land or sea, at home or in far countries, or in unknown graves, here in spirit do they lie at rest, their duty done, their work accomplished, their fame secure.

Not in our time can America's great effort in that war be adequately described. The picture is too vast, we are too near yet to see it as a whole; only in part can the historian of today describe it. Time and distance only can give us the necessary perspective. But even now we can realize the grandeur of that effort in which the New World threw its weight into the struggle to redress the balance of the Old.

We are still near enough to those great days to feel the thrill of pride and of wonder which filled our hearts as we saw America gather together her mighty resources of every kind and send them with her millions of soldiers across three thousand miles of sea. It was and will remain one of the greatest epics of history. Upon the battlefields of the French Republic the soldiers of the great Republic of the West, fighting in a cause not altogether their own, brought to the sorely tried armies of the Allies the moral and physical support that made victory secure.

There on a greater scale than ever before in the world's history Democracy and Autocracy met in conflict. The result of that conflict broke down the political systems, rearranged the boundaries of the peoples of Europe and disposed forever of the doctrine of the divine right of kings.

To all the soldiers of New Britain who returned safely and in honor to their homes, there must be a peculiar pride and satisfaction in knowing they played their part in these great events.

But these one hundred and twenty-three men whose names are on these tablets, these could not see ere death closed their eyes, the results of that great struggle in which they gave their lives.

They could not know their cause victorious and civilization secure.

They could not know that the oppressed peoples of Central and Eastern Europe had regained their liberty and were free to realize their national and racial aspirations.

They could not know that the old frontiers were broken down, the old rulers gone, and that Democracy had established itself in the palaces of the discarded kings.

They who die in such great causes do not die in vain. God grant their spirit may behold the results for which they died!

To you, mothers and fathers and relatives of the illustrious dead, there must be a solemn pride, lessening your sorrow, in the thought that these, your sons, who gave their lives on the Altar of Liberty have helped to change for the better the face of the world. To you the city offers the only thing in its power to give — such consolation as you may find in this memorial which shall perpetuate for generations to come their valor and their sacrifice.

To you, comrades of the dead, who, with equal patriotism upheld the flag of your country but, more fortunate, returned unscathed, to you the city places on this shaft a tablet that records its pride in your service. Fortunate is any city to have such sons.

To you, citizens of New Britain, who have erected this memorial by which you have honored the city itself as well as its valiant sons, as you contemplate its meaning and think of the supreme service even unto death that the nation may exact at need, think, too, of the significance of the names upon these tablets and draw a homely lesson therefrom.

The names upon this roll of honor represent all of the races of men of Europe and America. To read that roll is to see a cross-section of the people of New Britain. Differing in race, language, religion and culture, unlike in ways of thought and action, these men like those elsewhere in the nation in similar communities, under the stern call of their country and amenable to the discipline of war were welded into one compact body acting with one mind for one great purpose.

The strength of a city lies in the unity as well as the character of its citizens. As these so different races of men were by the necessities of war welded into one single-minded body, so by the necessities of peace should our citizens of all races be drawn closely together by bonds of mutual understanding, sympathy and helpfulness, so that they may work with a common purpose

for the common good. So shall this city realize its highest ideals as it takes to heart this lesson from the tablets of the dead.

The aftermath of war finds Europe still troubled and perplexed by the problems raised by the tremendous convulsions and readjustment of that great conflict. Even so the waves of ocean still roll after the storm itself has subsided.

Peace in our own time, O Lord, is the prayer and object of her governments. How to secure it is the difficulty. Very wisely has our own government joined the efforts for the reduction of armaments and the outlawry of war as a means of settling disputes among nations. Let us pray that for no slight causes shall we disassociate ourselves from that effort. Long, long may peace and tranquillity dwell with us.

But we should be forgetful of the lessons of the past did we not know that always and everywhere the peoples of the earth have gained and maintained their freedom only upon the field of battle. The foundations of the temples of Liberty are cemented by the blood of her sons. In this world of swift changes and short memories where each generation must apparently learn its own lesson by hard experience, no one can tell when nations to whom the Great War shall then be as a dimly remembered thing shall once again meet in battle.

Far away may the time be when the men of this city are again called to arms, but when that time comes then here beneath this memorial to the soldiers of an earlier time they shall find example and inspiration. May they go forth with as high courage and complete devotion as those whom we here commemorate.

We dedicate this memorial with gratitude, with sorrow and with pride to the brave men, living and dead, who took up arms at the call of their country. Long may it stand looking out over a city wisely governed, given over to the arts of peace.

May no more warlike sounds disturb the quiet of this hilltop than the plash of fountains and the happy voices of little children.

May wind and rain, and storm, be kind to it and spare it.

May the city which it overlooks cherish it, guard it, beautify it, and keep it from harm.

And as often as men's eyes shall be lifted up to it may they think of all that it signifies and of what in times of peace is their own duty as citizens to a city and country for which these brave men gave their lives.



The Proposed Thirteen Month Year

By JOHN T. CHIDSEY

President Veeder-Root Company, Bristol and Hartford

MR. George Eastman is the leading exponent in this country of a proposed calendar reform, which would give us thirteen months in the year, each month consisting of four weeks or twenty-eight days. For the past four years Mr. Eastman has been very active in pushing this particular plan of calendar reform, which was first proposed by Mr. Moses B. Cotsworth, some twenty years ago. He suggested that an extra month (to be called Sol) be inserted between June and July.

Mr. Eastman is now seeking to induce the governments of leading nations to arrange for an international congress to further this plan, similar to that called by President Arthur in 1844 when standard time was officially adopted, and the proposal to reform the calendar seems as logical, and there are probably more general benefits to be obtained in facilitating business and saving expense than was true of the adoption of standard time.

Among the advantages listed by Mr. Eastman are:

1. All months would be equal, having exactly the same recurring 28 week-days.
2. The day of the week would always indicate the monthly date, and conversely the monthly date would indicate its week-day name. Both day and date could be recorded on clock and watch dials.
3. The complete four weeks would exactly quarter all months, harmonizing weekly wages and expenses with monthly rent, accounts, etc.
4. Pay-days would recur on the same monthly date, which would facilitate both business and home life.
5. Each week-day would recur on its four

fixed monthly dates, thereby making more regular the weekly and monthly work, payments, production, etc.

6. Holidays and other permanent monthly dates would always occur on the same week-end.

7. The month of exactly four weeks would obviate many of the adjustments now necessary between four and five week months.

8. As a part of the plan, it will be sought to have as far as possible all holidays placed on

Monday, with advantage both for industry and for workers.

9. Also, as another advantage, if possible to have Easter on a fixed date which would be of benefit to churches, to certain industries and to schools.
10. As there would be 13 monthly settlements during the year instead of twelve, there would be a faster turn-over in money.
11. There would be a saving of money in printing calendars, and of time in referring to calendars.
12. For statisticians in comparing yearly data, of corporation sales, earnings, etc., it is bound to be considered of very general advantage, as is certified to by the corporations now using the new plan.

Various representative concerns in this committee have already adopted the Thirteen Month calendar, including the Western Electric Company, Fiberloid Corporation, Crocker-McElwain Company, Fuller Brush Company, Upson Company, Eastman Kodak Company, McElwain Hosiery Company, Lukens Steel

The January number of *Connecticut Industry* will carry an article on this subject by Mr. Seth L. Bush, Manager of Research of the Crocker-McElwain Company and Paper Manufacturing Company, of Holyoke, Massachusetts.

Company and Carter's Ink Company. The Root Company of Bristol has operated on the 13 period year since 1914, and Veeder-Root, Incorporated, is now using the same calendar at both the Hartford and Bristol plants.

It is believed there would be no legal difficulty encountered, but simply that an act of congress should state that "The new calendar would be in effect on a certain date," and making the date two or three years in advance. As a part of this act would be an adjustment table to provide for the proper dates on existing bonds, mortgages, leases and contracts. The suggestion is that the new calendar take effect on January 1, 1933, at which time January 1 again comes on Sunday. The extra day at the end of the year is proposed to be called Year-day. This would be true also of the extra day in Leap Year. This would be placed between June and July, and not considered a part of either.

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How's Business?

Everywhere we go — north or south — east or west — in the United States or Canada — we are met with the one question that is uppermost today in the hearts and minds of business men. "How's Business?" is the universal and vitally important question that brings each and all of us to attention.

Well, there is a certain philosopher by the name of McCaffrey who hails from Canada, and while his English is not the best his philosophy will bear repeating. One of his recent sayings is that:

"Most generally business don't go where it ain't invited; and it don't stay where it ain't treated right."

There is a whole business sermon in that homely statement. Invitations for more business are not always sent out on engraved cards nor through star salesmen. Originality, courtesy, service, promptness, price, quality and honesty all extend cordial and effective invitations to custom — and unfortunately the business world today believes that not the least of these is *price*, and a *cut-price* at that.

Naturally every purchaser is interested in a *reduced price*, and if he buys at a reduced price, receiving goods of the same value in every way as he received at the higher price, he is well pleased with his bargain. But — there is a vast difference between a legitimate *reduced price* and a *cut-price* in the generally accepted terms and opinion of the business world.

There is no real sales ability required to sell a valuable piece of merchandise at a figure or price much below actual value. Fixing a price which leaves no profit or creates a loss is *price-cutting* — a vicious and dangerous business practice. *Vicious*, because it demoralizes and depreciates the entire trade or industry — and *dangerous* because it must mean serious financial losses with resultant failures and general distress within the particular trade or industry concerned. *Excerpt from Cutting Costly Competition by W. Clement Moore.*

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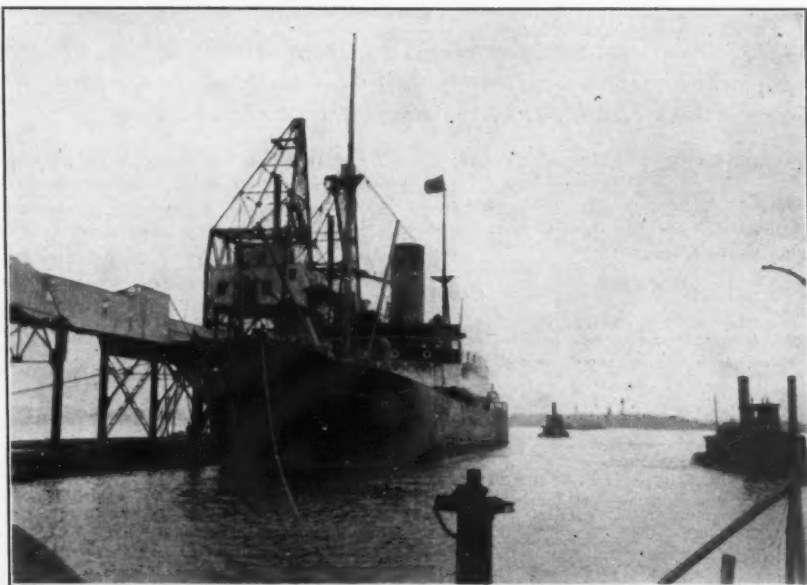
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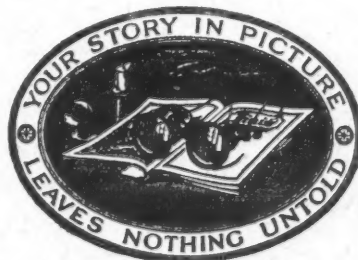
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